the stocks having buyback ratios, wherein the subset is determined based on the buyback ratio for each stock; and

a ranking module configured to rank stocks within the subset based on the price/sales ratio or price/earnings ratio for each stock, wherein the stock having the lowest price/sales ratio or price/earnings ratio is ranked the highest.

REMARKS

In the Office Action, the Examiner rejected claims 1-20 under 35 U.S.C. §103(a) as unpatentable over Kiron et al. in view of Official Notice.

Applicant has amended claims 1, 2, 10, 11, and 19 to correct minor informalities. Applicant respectfully traverses the rejections because the Examiner has failed to provide a prima facie case for establishing obviousness under §103. "To establish a prima facie case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in applicant's disclosure." In re Vaeck, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir.1991).

The Examiner selected reference does not disclose or suggest the combination of steps recited in claim 1, for example. Systems and methods of the claimed invention

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allow an investor to establish a particular type of portfolio that yields the benefits associated with a specific category of stocks. This category (*i.e.*, a stock having a buyback ratio) is unique in that the company has begun to buyback stocks at a particular rate. The Applicant has determined that if this repurchase rate is higher than in other stocks its rate of performance is likely to be greater over a given time period. To this end, claim 1, for example, recites a combination of steps including "selecting criteria for screening the selection of stock, wherein the selected criteria consists of a buyback ratio and at least one of price/sales ratio and a price/earnings ratio for each stock," and "identifying the stocks from the specified selection having buyback ratios, wherein a buyback ratio corresponds to a percentage of issued stock repurchased from the public during a specified period and resulting in a decrease of shares outstanding."

The Examiner attempts to defeat the patentability of the claimed invention by relying on Kiron et al., but Kiron et al. does not disclose or suggest the combination of steps recited in claim 1, for example. Instead, this reference discloses a system that seeks to establish a price for shares in a open-ended mutual fund to enable continuous trading. [Col. 1, ll. 11-16.] These open-ended mutual funds do not have stocks with buyback ratios because, as the name implies, the shares of these funds remain outstanding and have yet to be repurchased. Kiron et al. does not disclose that their invention is intended to reap the benefits associated with buybacks, as described by the claimed invention. Instead, the newly created fund establishes a tradeable entity that represents open ended shares. This allows fund managers to buy and sell the shares at an agreed upon price other than that required by the NAV. [See Col. 2, ll. 64 - col. 3, ll.

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9.] Applicant asserts that neither the creation of this entity nor any other teaching or suggestion garnered from Kiron et al. would motivate one to create a portfolio of stocks having a buyback ratio using the combination of steps recited in claim 1.

Applicant also respectfully challenges the Examiner's assertion of Official Notice, and requests that the Examiner cite a prior art reference, as required by MPEP 2144.04 in support of the Examiner's position. [See MPEP 2144.04.] Further, Applicant asserts that even if the Examiner can provide a reference that discloses calculating buyback ratios was known prior to the claimed invention, he has made no showing that the combination of this knowledge with Kiron et al. would lead a person of ordinary skill in the art to arrive at the combination of steps recited in claim 1. Applicant asserts that the only motivation for making this leap is his own application, amounting to an exercise in impermissible hindsight. The Federal Circuit recently stated, "[t]o prevent the use of hindsight based on the invention to defeat patentability of the invention, this court requires the examiner to show a motivation to combine the references that create the case of obviousness." In re Rouffet, 149 F.3d 1350,1357 (Fed. Cir. 1998.) The Court further stated:

> if identification of each claimed element in the prior art were sufficient to negate patentability, very few patents would ever issue. Furthermore, rejecting patents solely by finding prior art corollaries for the claimed elements would permit an examiner to use the claimed invention itself as a blueprint for piecing together elements in the prior art to defeat the patentability of the claimed invention. Such an approach would be "an illogical and inappropriate process by which to determine patentability.

Id. at 1357. (citations omitted.)

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Claims 10 and 19, having recitations similar to claim 1 are also allowable over the cited art. Claims 2-9, 11-18, and claim 20, at least by virtue of their dependence on claims 1, 10, and 19, respectively, are also allowable.

In view of the above foregoing remarks, Applicant respectfully requests that the Examiner reconsider and withdraw the rejections under 35 U.S.C. § 103 and allow the pending claims.

If there are any fees due in connections with this Amendment, please charge them to our deposit account, 06-0916.

Respectfully submitted,

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